Why the Creation of a Project Management Office Can Be…..

Pure Genius

Chuck Fallaw, PMP
Deputy State CIO

Dell Ford, PMP
Director, State CIO PMO

Agenda

1. Why State Government Created a PMO
2. What Has Been Our Process
3. Our Project Management Policy
4. Enterprise Project Management – Opportunities and Challenges
5. State PM Training and Certification Programs
6. Why Create a Project Management Methodology?
7. Your Questions

Do You Know the Difference Between Genius and Ignorance?

*@&# !

Genius has limits.   Ignorance does not.

Why State Government Created a PMO

1. **We Were Experiencing "High-Profile IT Project Failures" and Few On-time and On-budget IT Projects**

2. **Most Projects in State Government Have IT Components**

3. **What Was Happening To Us Was Happening To Others**

The Statistics

- **IT Projects have had a terrible track record for success**

- **The need for IT projects has continued to increase**

Second Standish Group Study in 2001

Time overruns significantly decreased to 63% compared to 222%

Cost overruns were down to 45% compared to 189%

Required features and functions were up to 67% compared to 61%

78,000 U.S. projects were successful compared to 28,000

28% of IT projects succeeded compared to 16.2%

Why the Improvements?

- **The average cost of a project has been more than cut in half.**
- **Better tools have been created to monitor and control progress and**
- **Better skilled project managers with better management processes are being used.**
- **The fact that there are processes is significant in itself."**

The Standish Group, "CHAOS 2001: A Recipe for Success" (2001)
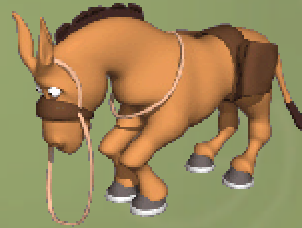
Chaos 2004…Standish Group

- **53% IT Project are challenged (late, over budget or less than the required features and functions)**
- **29% IT Projects succeeded (compared to 16%)**
- **18% IT Projects failed. (compared to 31%)**
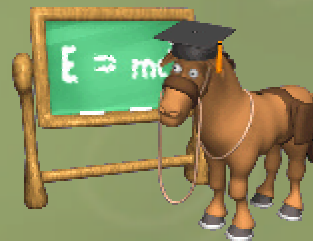
What Should We Learn From This?

"There is no education in the second kick of a mule."

Sam Rayburn (1882-1961)
Former Speaker of the U. S. House of Representatives

What Did We Do?

- **IT Project Management Policy**
- **IT Project Management Methodology**
- **IT Project Management Training**

State Government IT PM Policy

Chuck Fallaw, PMP
Deputy State CIO

Review the *Policy for the Management of Technology Projects*

Our Objectives

- **Review the *Policy for the Management of Technology Projects***
- **Provide a status on State's Project Management Training and Certification Program**

You Should Know!!

This Policy only applies to "technology" projects

However, the processes discussed today can be used on all types of projects – from building a bridge to planning a vacation

State Policy Committee

Mike Garon, *Department of Revenue*
Tom Olson, *State Department of Education*
David Foshee, *Developmental Disabilities and Special Needs*
Doug Harper and Ann Futch, *Department of Transportation*
Steve Flowers, *State Accident Fund*
Tom Brewer, *USC*
Camille Brown, *Commission on Higher Education*

Goal: Establish a vision for Project Management in State government that would be broadly accepted, yet detailed enough to be concretely useful.

Purpose of State Policy

- **Establish the value of using sound project management practices**
- **Require agencies to adopt and utilize a project management methodology for all IT projects**
- **Define projects (due to size or complexity) that should be monitored through a shared relationship between the agency and the State PMO**
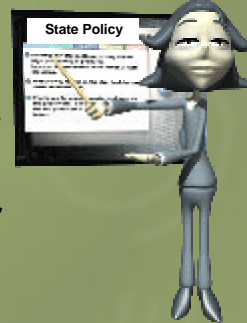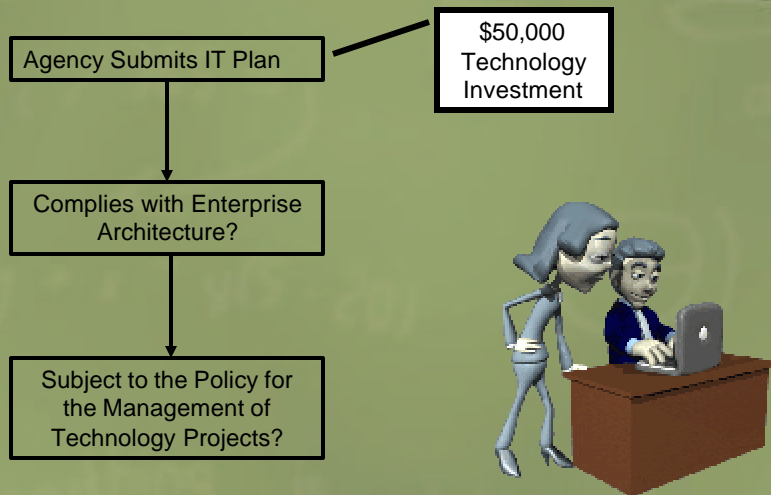
Definitions

Project: a temporary endeavor undertaken to create a new or unique product or service, or a major revision to an existing technology system.

Cumulative Investment: "Hard" and "soft" dollars that will be incurred by an agency to implement a project from initiation to closure.

IT Planning Process

Agency Submits IT Plan

$50,000
Technology
Investment

Complies with Enterprise Architecture?

Subject to the Policy for the Management of Technology Projects?

Four Categories of Projects

Minor Projects (less than $50,000)

Small Projects

Major Projects

Multi-agency and Enterprise Projects

Each category has different administrative and management requirements .

Key Point

Major and Multi-Agency/Enterprise Technology Projects are subject to additional review by the State PMO.

Major Technology Projects

Projects with a cumulative investment in technology of $1 million or more

Projects that meet two or more of the following criteria:

- Estimated cost exceeds $400,000
- Mission critical
- Duration exceeds twenty-four months
- High risk (leading edge technology)
- Have enterprise/multi-agency implications

Multi-Agency & Enterprise Projects

Multi-agency project:
> **South Carolina Business One Stop (SCBOS)**

Enterprise project:
> **South Carolina Enterprise Information System (SCEIS)**

Key Point

Agencies can obtain certification to independently manage projects having a cumulative investment in technology up to $5 million.

Major & Multi-Agency/Enterprise Projects

- Must have a project sponsor
- A project manager must be assigned to the project from initiation to closeout
- Project manager must submit "Dashboard" data to State PMO
- Must use a standard project management methodology
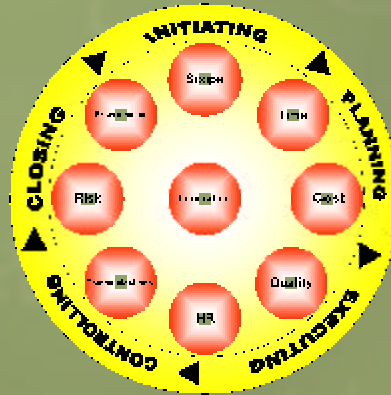
PM Training and Certification
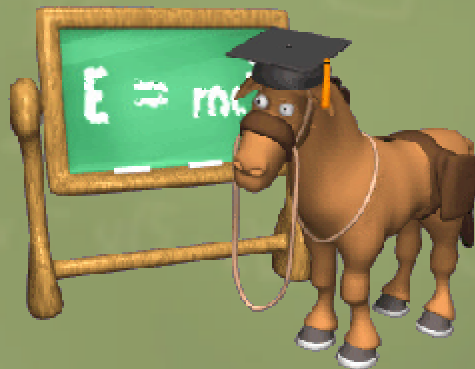
Key Point

Beginning July 1, 2005, project managers assigned to Major and Multi-agency/Enterprise Projects must be "certified" under a program approved or provided by the State PMO.

Training & Certification Program

Project Management Academy
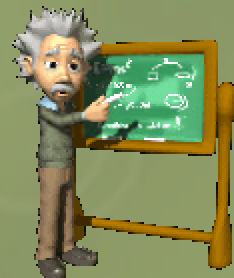
Two levels of Certification – Associate and Senior

Approximately 40 hours of training at Senior-Level

Initial Class for Certification of Senior-Level PM – November, 2004

First Class of Associate Level PM training begins on February 22, 2005.

Other PM Training – Vendor, Executive Sponsor, CPM, etc.

If you or your agency company is interested, contact us

Training Committee

Most of the Methodology Committee

Jeff Farnham, USC

Ken Sumner, Developmental Disabilities and Special Needs

Dan Sherrill and Todd Anderson, Department of Transportation

Sandra English, Department of Revenue

Goal: Establish a vision for Project Management in State government that would be broadly accepted, yet detailed enough to be concretely useful.

Key Point

The State PMO must develop a standard project management methodology by July 1, 2004. Each agency must adopt this or an approved methodology by July 1, 2005.

Project Management Methodology

Initiation
Planning
Execution
Control
Close-Out

The State's Project Management Methodology is fully aligned with PMI's PMBOK.
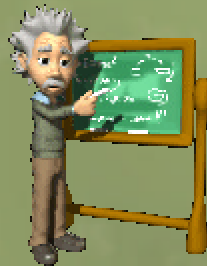
Project Management Methodology
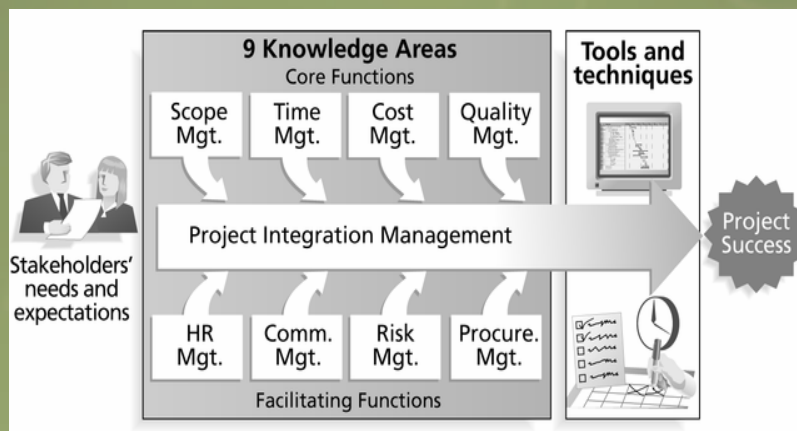
Project Management Methodology Development

- **Build**
- **Buy/ Borrow**
- **Buy/Borrow and Customize**

Methodology Committee

Barbara Bailey, Division of General Services

Earl Moore/Mike McKinney, Piedmont Tech

Laurah Shealy, SC Education Lottery

Rita Anderson, PMP USC

William Wingard, CIO

Doug Mader, PMP Department of Revenue

Gloria Miles, Developmental Disabilities and Special Needs

Goal: Establish a vision for Project Management in State government that would be broadly accepted, yet detailed enough to be concretely useful.

"Dashboard" Processes

Only applies to Major and Multi-agency/Enterprise Projects

Periodic (probably monthly) reports to the State PMO

Red, green and yellow status reporting

Projects assigned to project managers with the State PMO who can assist agency project managers
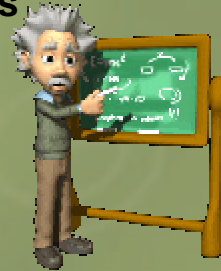
"Troubled" Projects

Based on "Dashboard" indicators

PMO meets with agency's project manager to determine scope of problem

Constructs a "rescue" plan for the project

Require use of an Independent Verification and Validation (IV&V) contractor

Assist in termination of project, if necessary

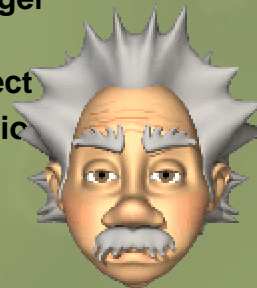| Vital Signs	Variance	Points
Schedule: actual vs. plan % difference in days	< 10% 10% to 20% > 20%	0 1 2
Milestone: actual vs. plan % goals completed on time	< 10% 10% to 20% > 20%	0 1 2
Deliverable: actual vs. plan % goals achieved	< 10% 10% to 20% > 20%	0 2 4
Unresolved Issues # of issues vs. # of deliverables	No issues < Deliverables > Deliverables	0 1 2
Cost to Date: actual vs. estimated % over or under budget	< 10% 10% to 20% > 20%	0 1 2
Resources: actual vs. planned % difference in staff, equip., etc.	< 10% 10% to 15% > 15%	0 2 4
High Probability, High Impact Risk Events i.e. loss of budget, loss of Sponsor, change in corporate strategy	1 - 3 Risks 4 - 5 Risks 6 - 7 Risks	1 3 5
Disposition of the team (items not listed here)	All items > 3 1-2 items < 4 3 or more < 3	0 2 4
Sponsor's commitment and time (items not listed here)	All items > 3 1-2 items < 3 3 or more < 3	0 3 6

Vital Signs Report Card

Healthy = (1 - 8 Points)
Variances are acceptable and the project is in good shape.

Caution = (9 - 15 Points)
This project is in trouble and is beyond the Project Manager's sole ability to recover. The Sponsor's involvement is crucial if recovery is warranted.

Danger = (16+ Points)
The project is a runaway and beyond the Sponsor's ability to recover. The steering committee must intervene and either shut the project down or implement a recovery plan.

Why Should You Consider a PMO?

1. **Better visibility into project status**
2. **Tighter change control**
3. **Higher ROI**
4. **Fewer project failures**
5. **More projects completed on time and within budget**
6. **More effective risk assessment and management**
7. **Reduced Total Cost of Ownership**
8. **Better management of external partners**
9. **Enhanced knowledge transfer among project teams**

How Should You Start a PMO?

- **What value does your company/agency intend to receive from the PMO?**
- **What is the mission and vision, and what are the goals and objectives of the PMO?**
- **Where do you want your IT department to be one year from now?**
- **How can IT contribute most to the organization—by helping to increase profits or by delivering projects on time?**
- **If IT could manage projects consistently, how would that affect the organization?**

Our Process in Establishing a PMO

- Secure Executive Support
- Involve your stakeholders
- Jointly develop policy, methodology, and training
- Promote project management
- Promote standardized project management process/methodology for an agency
- Offer project management training tailored to your environment
- Establish PMO as a home for project managers
- Offer PM consulting and mentoring
- Evaluate and select PM tools for use by employees
- Champion portfolio management
- Be prepared for PMO role change

Can You Be a Genius, Too?

**Everyone is a genius
at least once a year;
a real genius has his
original ideas
closer together.**

- Georg Lichtenberg

Questions!!!

Chuck Fallaw   (803) 896-0364

fallaw@cio.sc.gov

Dell Ford   (803) 896-0237

dell@cio.sc.gov

Elements
www.animationfactory.com